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**FIFTH WARD GRAVITY DRAINAGE
DISTRICT NO. 5 OF LAFOURCHE PARISH
LaFourche Parish Police Jury**

**COMPONENT UNIT
FINANCIAL STATEMENTS**

DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

6/16/10

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 2009**

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COMPONENT UNIT FINANCIAL STATEMENTS

MARY SUE STAGES, CPA
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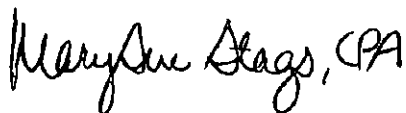
Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Raoul Bourgeois, President
and Members of the Board of Commissioners
Fifth Ward Gravity Drainage District
No. 5 of Lafourche Parish
164 West Main
Thibodaux, Louisiana 70301

We have compiled the accompanying component unit financial statements of Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish, component unit of the Lafourche Parish Police Jury, as of December 31, 2009, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Mary Sue Stages, CPA
A Professional Accounting Corporation
May 21, 2010

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2009**

Within this section of the annual financial report, management of the Fifth Ward Gravity Drainage District No. 5 (hereafter referred to as the District) provides a narrative overview and analysis of the financial activities of the Fifth Ward Gravity Drainage District No. 5 for the year ended December 31, 2009.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District using a perspective similar to that used by the private sector. These statements include a 1) statement of net assets and 2) statement of activities.

Statement of Net Assets. This statement presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Statement of Activities. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on revenues provided by its taxpayers.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include activities related to drainage.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one category of funds: governmental funds.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2009**

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the District's governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

The fund financial statements can be found on pages 13-16 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 18 with the actual notes beginning immediately afterwards.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons on page 30.

FINANCIAL ANALYSIS OF THE DISTRICT

Net assets serve as a useful indicator of the District's financial position from year to year. The following is a summary of the District's net assets:

SUMMARY OF NET ASSETS Governmental Activities

	<u>2009</u>	<u>2008</u>
Assets:		
Current and other assets	\$ 453,721	\$ 389,704
Investments	114,649	113,731
Capital assets, net	<u>149,304</u>	<u>133,726</u>
 Total assets	 717,674	 637,161

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2009**

Liabilities:		
Current liabilities	\$ 3,516	\$ 2,446
Net Assets:		
Investment in capital assets, net of related debt	149,304	133,726
Unrestricted	<u>564,854</u>	<u>500,988</u>
Total net assets	<u>714,158</u>	<u>634,715</u>

Net assets increased by \$74,444 over the prior year.

The following table provides a summary of the District's changes in net assets:

**SUMMARY OF CHANGES IN NET ASSETS
Governmental Activities**

	<u>2009</u>	<u>2008</u>
Revenues:		
General revenues:		
Property taxes	\$ 170,292	\$ 148,702
Revenue sharing	11,258	11,548
Interest	<u>4,661</u>	<u>9,189</u>
Total revenues	186,211	169,439
Expenses:		
General government	2,239	11,020
Drainage work	<u>104,529</u>	<u>101,092</u>
Total expenses	<u>106,768</u>	<u>112,112</u>
Increase in net assets	79,443	57,327
Net assets, beginning of year	<u>634,715</u>	<u>577,388</u>
Net assets, end of year	<u>714,158</u>	<u>634,715</u>

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2009**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget for 2009 included \$171,500 in revenues and \$103,790 in expenditures. Actual revenues were \$14,711 more than anticipated. Expenditures were also less than budgeted by \$8,075.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets, net of accumulated depreciation, for its governmental activities as of December 31, 2009, was \$149,304. During the current year, the District purchased a Chevy Silverado in the amount of \$26,630. There were no other capital expenditures.

A summary of capital assets, net of accumulated depreciation by major category is as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
Governmental Activities		
	<u>2009</u>	<u>2008</u>
Depreciable Assets:		
Vehicles/boats	\$ 33,612	\$ 10,251
Equipment	<u>115,692</u>	<u>123,475</u>
Total	<u>149,304</u>	<u>133,726</u>

Long-Term Debt. The District remains debt-free as of the end of the current year.

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGET

Management is comprised of five Board Commissioners who are appointed by the Lafourche Parish Council. The commissioners do not receive any compensation. All are overdue to be replaced with new members.

The Board is authorized to open and maintain all natural drains (ditches and canals) in the District where drainage is accomplished by the force of gravity. The District covers the entire 5th Ward of Lafourche Parish. It has two full time employees.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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LAFOURCHE PARISH POLICE JURY
MANAGEMENTS' DISCUSSION & ANALYSIS
DECEMBER 31, 2009**

Prior to entering property for ditch cleaning, the Parish obtains a right-of-way from the landowners. This previously was done by a parish employee. Now it must go before the Parish Council to have a right-of-way accepted. This tremendously slows down the process of scheduling where and when to send the equipment to work. Any landowner in the 5th Ward is entitled to have their canals cleaned by the District.

These employees maintain about 18 miles of major canals and 22 miles of smaller canals and ditches using a boat to spray weeds and an excavator to dig out silt.

There are no significant changes for the District in 2009. The District continues to obtain chemicals from the Parish for weed control.

There should be no significant change in the 2010 budget. The millage will remain the same. With a slower growth rate in the 5th Ward, there should still be an increase in the tax base, but not significant. Expenses should remain near the previous year with fuel and oil being the main item showing an increase. Interest rates have decreased somewhat; therefore any interest income from the money market account and certificates of deposit should be slightly less than in 2009 but not materially so.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Fifth Ward Gravity Drainage District No. 5's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to our accountants at T. S. Kearns & Co., CPAs, 164 West Main, Thibodaux, Louisiana 70301, 985-447-4833.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 321,252.49
Receivables, net	132,469.10
Investments	114,649.28
Capital assets, net of accumulated depreciation	<u>149,303.54</u>
Total Assets	717,674.41
 <u>LIABILITIES</u>	
Accounts payable	1,940.21
Payroll and related payables	<u>1,575.80</u>
Total Liabilities	<u>3,516.01</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	149,303.54
Unrestricted	<u>564,854.86</u>
Total Net Assets	<u><u>714,158.40</u></u>

See Accompanying Notes and Accountants' Report

FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

<u>Functions/Programs</u>	<u>Programs Revenues</u>			<u>Net Revenues (Expenses)</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General government	\$ 2,238.65	\$ -	\$ -	\$ -	\$ (2,238.65)
Drainage work	104,527.73	-	-	-	(104,527.73)
Total Governmental Activities	106,766.38	-	-	-	(106,766.38)
General Revenues					
Property taxes					170,292.27
Revenue sharing					11,257.59
Interest earned					4,660.72
Total General Revenues					186,210.58
Change in Net Assets					79,444.20
Net Assets, beginning					634,714.20
Net Assets, ending					714,158.40

See Accompanying Notes and Accountants' Report

FUND FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

<u>ASSETS</u>	<u>General Fund</u>
Cash and cash equivalents	\$ 321,252.49
Receivables, net:	
Taxes	124,964.04
Revenue sharing	7,505.06
Investments	<u>114,649.28</u>
TOTAL ASSETS	<u>568,370.87</u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	1,940.21
Payroll and related payables	<u>1,575.80</u>
Total Liabilities	3,516.01
 Fund Balances:	
Unreserved	<u>564,854.86</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>568,370.87</u>

See Accompanying Notes and Accountants' Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

Total Fund Balances - Governmental Funds	\$ 564,854.86
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Amounts reported for governmental activities
in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not
current financial resources and, therefore, are not reported
in the Governmental Funds Balance Sheet.

149,303.54

Total Net Assets - Governmental Activities
--

<u>714,158.40</u>

See Accompanying Notes and Accountants' Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	General Fund	
	<u>2009</u>	<u>2008</u>
<u>REVENUES</u>		
Property taxes	\$ 170,292.97	\$ 148,702.10
Revenues sharing	11,257.59	11,547.85
Interest earned	4,660.72	9,189.00
Total Revenues	186,211.28	169,438.95
<u>EXPENDITURES</u>		
Advertising	198.00	528.00
Fuel	5,059.90	7,448.00
Insurance	12,587.61	13,000.32
Licenses	36.50	-
Material and supplies	6,010.74	3,666.84
Office supplies and expenses	202.80	224.48
Pension fund/assessors' fees	6,084.49	5,990.06
Professional fees	1,837.85	10,267.46
Repairs and maintenance	10,575.15	13,123.71
Rent	1,296.00	1,457.50
Salaries and related benefits	51,825.79	46,304.16
Capital outlay	26,630.00	-
Total Expenditures	122,344.83	102,010.53
Net Change in Fund Balances	63,866.45	67,428.42
Fund Balances, beginning	500,988.41	433,559.99
Fund Balances, ending	564,854.86	500,988.41

See Accompanying Notes and Accountants' Report

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

Net Change in Fund Balances - Governmental Funds	\$ 63,866.45
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Amounts reported for governmental activities
in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures.
However, in the Statement of Activities, the cost of these
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which capital outlay
exceeded depreciation during the year.

<u>15,577.75</u>

Change in Net Assets of Governmental Activities	<u><u>79,444.20</u></u>
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See Accompanying Notes and Accountants' Report

NOTES TO FINANCIAL STATEMENTS

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
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DECEMBER 31, 2009**

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**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

INTRODUCTION

The Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish was created by the Lafourche Parish Council on February 10, 1965, as authorized by Louisiana Revised Statute 38:1751. A Board of five commissioners who are appointed by the Lafourche Parish Council governs the District. The Board of Commissioners has elected to receive no compensation for their services.

The District is authorized to open and maintain all natural drains in the District where drainage is accomplished using the natural force of gravity. This may be accomplished by cutting and opening new drains, ditches and canals. The District covers the entire Fifth Ward of Lafourche Parish and has two full-time employees. It maintains approximately 18 miles of major drainage canals and 22 miles of smaller drainage canals and ditches using a boat to spray weeds and an excavator to dig silt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of significant accounting policies used by the District:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Criteria considered to determine financial accountability includes an organization (1) where the reporting entity has the authority to appoint a voting majority of the organization's governing body and (a) the ability of the reporting entity to impose its will on the organization and/or (b) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity; (2) with fiscal dependence on the reporting entity; and (3) for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
OF LAFOURCHE PARISH
LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

For reporting purposes, the Lafourche Parish Police Jury is the governing authority of the District. Based on the criterion listed above, it is determined that the Fifth Ward Gravity Drainage District No. 5 of Lafourche Parish is a component unit of the Lafourche Parish Police Jury. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information of the Police Jury, the general government services provided by that government unit or other governmental units that comprise the reporting entity.

Government-Wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a statement of net assets and statement of activities. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the modified cost recovery system over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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LAFOURCHE PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
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Under the requirements of GASB Statement No. 34, the District is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. This does not impact the District, as it does not have any infrastructure assets to report.

Program Revenues

The statement of activities presents three categories of program revenues – charges for services and operating or capital grants/contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Because the District does not have any customers, there are no such revenues. Grants and contributions may be operating or capital in nature. The District did not have any such revenues during the year.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program.

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. The District does not have any proprietary funds.

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. The District recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. The District has only one fund that is considered a governmental fund. The fund classification and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations.

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

Governmental funds include:

1. General Fund – is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Basis of Accounting/Measurement Focus: The type of financial statement presentation determines the accounting and financial treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred, regardless of when the related cash flows take place, in the statement of activities. Non-exchange transactions such as grants are recognized in the year the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The District considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The District prepares an annual budget for the general fund as required by Louisiana Revised Statute 39:1305. It is prepared on a modified accrual basis of accounting. Budget integration was not employed as a management control device during the year, and there were no amendments to the original budget. Appropriations lapse at year-end. The District reserves all authority to make changes to the budget.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

or decrease reported in investment earnings. The District has two certificates of deposit with maturities extending beyond ninety days.

Capital Assets: The District's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Dragline and related assets	20 years
Boat	20 years
Equipment	3-7 years

The District's capitalization policy includes adding all assets with a value of \$500 or more. However, assets that are less in value may be capitalized if their use will benefit more than one period such as winches and chain saws.

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the financial statements retroactively reported back to 1982. This does not impact the District as it has no infrastructure assets.

Compensated Absences: The District does not have compensated absences.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

The District did not have any long-term debt at December 31, 2009.

Net Assets/Fund Balances: In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

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Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

At December 31, 2009, the Board had cash and cash equivalents on hand (book balances) totaling \$321,252.49 as follows:

	<u>Governmental Activities</u>
Demand deposits	\$ 4,286.14
Money market savings	<u>316,966.35</u>
Total	<u><u>321,252.49</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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At December 31, 2009, the District had \$321,666 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$229,000 in pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). As a result, the District does not have any cash or cash equivalents exposed to credit risk.

Even though the pledged securities are considered uncollateralized, under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities with ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 – INVESTMENTS

Investments of the governmental activities of the District consist of two certificates of deposit, one held at Regions Bank and the other at Chase Bank. Interest earned in the current year of \$3,013.40 was reinvested.

	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>
Regions Bank	\$ 64,806.61	0.90%	6/29/10
JPMorgan Chase Bank	<u>49,842.67</u>	0.10%	6/23/10
Total	<u>114,649.28</u>		

NOTE 4 – RECEIVABLES

The following is a summary of receivables at December 31, 2009:

	<u>Governmental Activities</u>
Taxes	\$ 124,964.04
Revenue sharing	<u>7,505.06</u>
Total	<u>132,469.10</u>

The District accrued ad valorem taxes in the amount collected by the Sheriff yet remitted to the District after year-end. Some collections are remitted to the District during the year for delinquent taxes, but this amount is immaterial. Therefore, no bad debts or write-offs are recorded in the accompanying financial statements. By closing out the prior year receivables, amounts considered uncollectible are substantially written-off.

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NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, being depreciated				
Vehicles/Boat	\$ 33,448.32	\$ 26,630.00	\$.00	\$ 60,078.32
Less: accumulated depreciation	<u>23,197.40</u>	<u>3,268.83</u>	<u>.00</u>	<u>26,466.23</u>
Net Vehicles/Boats	10,250.92	23,361.17	.00	33,612.09
 Equipment	 155,812.97	 .00	 .00	 155,812.97
Less: accumulated depreciation	<u>32,338.10</u>	<u>7,783.42</u>	<u>.00</u>	<u>40,121.52</u>
Net Equipment	<u>123,474.87</u>	<u>(7,783.42)</u>	<u>.00</u>	<u>115,691.45</u>
 Net Capital Assets, being depreciated	 <u>133,725.79</u>	 <u>15,577.75</u>	 <u>.00</u>	 <u>149,303.54</u>

Depreciation expense was charged to governmental functions as follows:

Drainage work	<u>\$ 11,052.25</u>
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NOTE 6 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of governmental activity payables at December 31, 2009:

Class of Payables

Accounts (trade)	\$ 875.72
Payroll and related expenses	<u>1,570.80</u>
Total	<u>2,446.52</u>

NOTE 7 – PENSION PLAN

The employees of the District participate in the federal social security and medicare program in which the District matches the employee's contribution of 7.65% of gross salary. No other type of retirement is offered.

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NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

The District does not provide any post employment benefits.

NOTE 9 – LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General Maintenance	4.62	4.62

The following are the principal taxpayers for the District:

<u>Taxpayer</u>	<u>Assessed Value</u>
Offshore Service Vessel	\$ 23,669,466
Seacor Offshore, LLC	15,321,860
Hornbeck Offshore Services	13,713,110
Mars Oil Pipeline Co.	13,680,180
LOOP, Inc.	13,572,490
Discovery Producer Services	13,562,980
Chevron/Texaco Exploration	11,520,960
Entergy Louisiana, Inc.	10,279,250
Candies Otto, LLC	10,219,600
Alpha Marine Services, LLC	9,813,730

NOTE 10 – PAYMENTS BY OTHER GOVERNEMENTAL UNITS

Certain operating expenditures of the District are paid by the Lafourche Parish Police Jury and are not included in the accompanying financial statements. These expenditures include poison spray for vegetation.

NOTE 11 – RELATED PARTY TRANSACTIONS

There were no related party transactions that require disclosure in the accompanying financial statements.

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NOTE 12 – LITIGATION AND CLAIMS

There was no litigation that would require disclosure or reporting in the accompanying financial statements. The District is not aware of any potential or threatened claims.

NOTE 13 – SUBSEQUENT EVENTS

There were no subsequent events that would have a material affect on the accompanying financial statements that occurred between the close of the year and issuance of the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

**FIFTH WARD GRAVITY DRAINAGE DISTRICT NO. 5
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LAFOURCHE PARISH POLICE JURY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2009**

	<u>Budget</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property taxes	\$ 150,000	\$ 150,000	170,293	20,293
Revenue sharing	12,000	12,000	11,258	(742)
Interest earned	9,500	9,500	4,661	(4,839)
Total Revenues	171,500	171,500	186,211	14,711
<u>EXPENDITURES</u>				
Advertising	540	540	198	342
Fuel	8,000	8,000	5,060	2,940
Insurance	15,000	15,000	12,588	2,412
Licenses	50	50	37	14
Material and supplies	4,000	4,000	6,011	(2,011)
Office supplies and expense	200	200	203	(3)
Pension fund/assessors' fees	6,000	6,000	6,084	(84)
Professional fees	10,000	10,000	1,838	8,162
Repairs and maintenance	13,500	13,500	10,575	2,925
Rent	1,500	1,500	1,296	204
Salaries and related benefits	45,000	45,000	51,826	(6,826)
Total Expenditures	103,790	103,790	95,715	8,075
Net Change in Fund Balances	67,710	67,710	90,496	22,786
Fund Balance, beginning	500,988	500,988	500,988	-
Fund Balance, ending	568,698	568,698	591,485	22,786

See Accountants' Report